

STATE OF MICHIGAN

Russell S. Kropschot  
Acting Commissioner



Financial Institutions Bureau  
P. O. Box 30224  
Lansing, Michigan 48909

John Engler, Governor

DEPARTMENT OF COMMERCE

Arthur E. Ellis, Director

To: Motor Vehicle Sales Finance Companies

In recent months, the Bureau has encountered instances of some motor vehicle dealers selling multiple installment contracts on the same car, creating contracts on nonexistent vehicles or for nonexistent buyers, and delaying paying off liens on trade-ins.

The Bureau cautions finance companies to be very careful when buying motor vehicle installment sale contracts. Check to be sure that the goldenrod copy of the RD-108 has been validated by the Secretary of State. Be alert for duplicate (or very similar) vehicle identification numbers. Above all, if you observe (or have in the past observed) irregularities in contracts, notify this agency immediately.

The Bureau has encountered instances when sales finance companies have suffered losses on transactions with installment sellers after other sales finance companies discontinued business with those sellers due to fraud. Because the Bureau was not notified of the earlier problems, it could not take action to minimize losses.

You may report suspected dealer fraud in motor vehicle installment sale transactions to the Bureau's Consumer Finance Division at (517) 373-3470.

A handwritten signature in dark ink, appearing to read "Russell S. Kropschot".

Russell S. Kropschot  
Acting Commissioner

February 26, 1992

Date

A handwritten signature in dark ink, appearing to read "Ann Gaultney".

Ann Gaultney, Director  
Consumer Finance Division

February 26, 1992

Date